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# **COSTS and RETURNS**



**Commercial  
Tobacco  
Farms**

**Coastal Plain,  
North Carolina**

# 1961

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

- Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1961
- Costs and Returns, Commercial Corn Belt Farms, 1961
- Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1961
- Costs and Returns, Commercial Cotton Farms, 1961
- Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1961
- Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1961
- Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1961
- Costs and Returns, Western Livestock Ranches, 1961

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1962. In this annual report, information is given for 1961 with comparisons with 1960 and 1959, and with the period 1957-59.

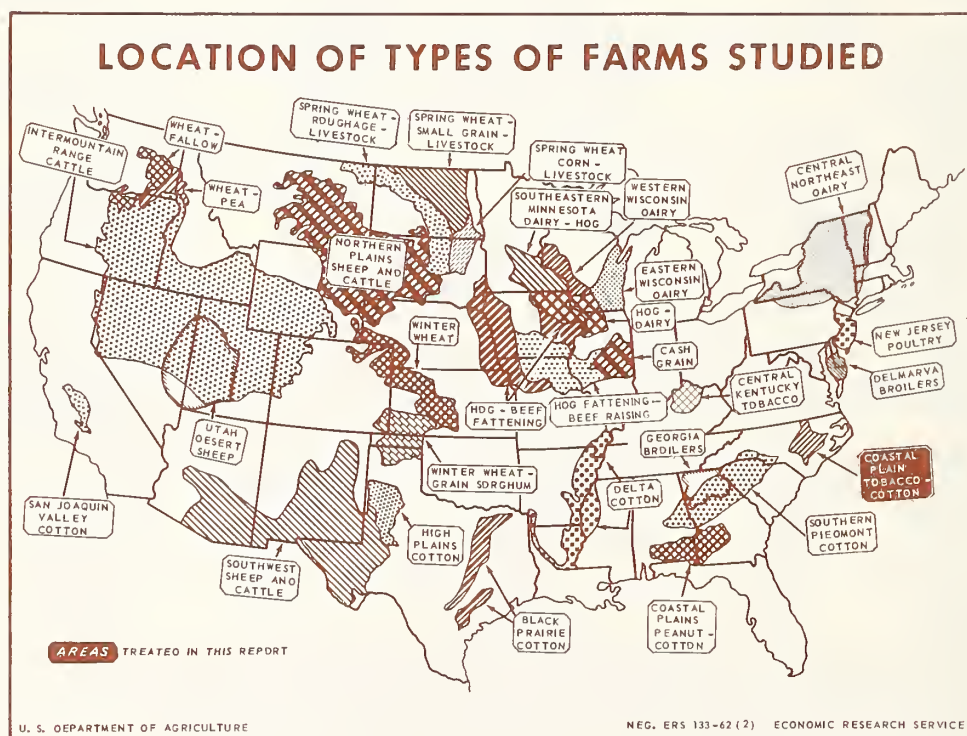


Figure 1.

# **COSTS AND RETURNS, COMMERCIAL TOBACCO FARMS, COASTAL PLAIN, NORTH CAROLINA, 1961**

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Costs and returns are presented here for three typical tobacco-producing farms in the Coastal Plain of North Carolina: (1) Small tobacco farms; (2) medium-sized tobacco-cotton farms; and (3) large tobacco-cotton farms (table 1 and fig. 1). Some of the major differences between 1960 and 1961 in costs and returns on these farms were:

1. Net farm incomes were higher in 1961 on all three types of farms.
2. Prices received for flue-cured tobacco in 1961 averaged around \$4 per hundred pounds above 1960 prices. This was the major factor contributing to the higher incomes in 1961.
3. Tobacco acreages remained the same as in 1960 but tobacco yields averaged about 40 pounds per acre below the record high yields of 1960.
4. Corn acreages were slightly lower than in 1960 because of acreage diverted under the Feed Grain Program.
5. On the tobacco-cotton farms, acreages in cotton in 1961 were slightly higher than in 1960, and were the largest since 1956. Cotton yields averaged about 60 pounds per acre above 1960 yields, and prices received for both lint and seed were higher than in 1960.
6. Prices paid for goods and services used in production were at an all time high in 1961 on all three types of farms.

Table 1.- Size, organization, and production, tobacco farms, Coastal Plain, North Carolina, 1960 and 1961

Item	Unit	Small tobacco farms			Medium-sized tobacco-cotton farms			Large tobacco-cotton farms		
		1960	1961 <sup>1/</sup>		1960	1961 <sup>1/</sup>		1960	1961 <sup>1/</sup>	
Land in farm.....	Acre	50	50		100	100		170	170	
Cropland harvested.....	do.	19	18		37	36		65	57	
Crops harvested:										
Tobacco.....	do.	3.1	3.1		5.3	5.3		8.5	8.5	
Cotton.....	do.	---	---		4.6	4.8		7.2	7.7	
Corn.....	do.	9.9	7.9		17.0	13.6		29.8	20.9	
Hay.....	do.	3.0	3.0		4.8	4.5		7.1	7.1	
Other crops.....	do.	4.7	4.5		8.3	8.3		17.0	16.5	
Crop yield per harvested acre:										
Tobacco.....	Pound	1,900	1,860		1,900	1,860		1,900	1,860	
Cotton.....	do.	---	---		282	342		282	342	
Corn.....	Bushel	50	53		50	53		50	53	
Hay.....	Ton	1.1	1.2		1.1	1.2		1.1	1.2	
All cattle, Jan. 1.....	Number	1.0	1.0		2.0	2.0		5.0	5.0	
Pigs raised.....	do.	5.0	5.0		20.0	18.9		36.0	36.0	
Total farm capital, Jan. 1.....	Dollar	12,600	12,940		25,250	25,970		43,500	44,880	
Total labor used.....	Hour	3,350	3,260		5,930	5,790		8,980	8,800	

<sup>1/</sup> Preliminary.



## Small tobacco farms

Net farm income on small tobacco farms averaged about \$3,230 per farm in 1961 (table 2). This was \$220 higher than in 1960. Tobacco yields were lower than a year earlier, but receipts from sales were up \$155 due to record high prices. Tobacco accounted for about 89 percent of total cash receipts.

Operating expenses per farm were slightly lower than in 1960. The diversion of 2 acres of corn per farm into the Feed Grain Program reduced the inputs of seed, fertilizer, power and labor enough to offset higher average prices paid for all goods and services used in production on these farms.

## Medium-sized tobacco-cotton farms

Net farm income in 1961 on medium-sized tobacco-cotton farms

averaged about \$3,860 per farm, about \$370 higher than a year earlier. Production of tobacco was 213 pounds less than in 1960 but this was offset by a record high tobacco price of \$63.62 per hundred pounds, resulting in a \$265 increase in tobacco receipts (table 3).

Higher receipts from cotton lint and seed also contributed to the higher incomes. As a result of a larger cotton acreage and higher yields in 1961, total production of lint cotton was 1,642 pounds compared with 1,297 pounds in 1960. Exceptionally favorable weather at harvest time resulted in good quality cotton, and prices received for both cotton lint and cotton seed were higher than in 1960.

Receipts from other crops (corn and soybeans) were also above 1960 averages. About 3 acres of corn per

Table 2.- Income, costs and returns, tobacco farms, Coastal Plain, North Carolina, 1960 and 1961

Item	Small tobacco farms		Medium-sized tobacco-cotton farms		Large tobacco-cotton farms	
	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Gross farm income.....	4 672	4,868	8,517	9,002	14,248	14,955
Operating expenses.....	1,662	1,634	5,026	5,138	9,530	9,680
Net farm income.....	3,010	3,234	3,491	3,864	4,718	5,275
Index numbers (1957-59=100)						
Net farm income.....	130	140	126	139	133	149
Net farm production.....	116	113	113	112	116	112
Operating expense per unit of production.....	94	95	98	101	96	100
Prices received for products sold.....	107	114	107	113	105	113
Prices paid, including wages to hired labor...	103	106	2/ 107	2/ 112	2/ 108	2/ 113

<sup>1/</sup> Preliminary. <sup>2/</sup> Includes cropper labor.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

farm were diverted to the Feed Grain Program, but corn yields were higher than a year earlier, and less grain was fed on these farms. There was little change in the quantity of soybeans sold but the price was 30 cents higher than in 1960.

As on small tobacco farms, fewer inputs were purchased in 1961 than in 1960 by operators of medium-sized tobacco-cotton farms. However, the reduction in inputs did not offset the effect of higher prices paid, and operating expenses averaged slightly higher in 1961 (table 4). The major factor contributing to this increase was higher labor costs in 1961. Wages paid to hired workers were higher in 1961 than in 1960, but the largest increase in labor cost resulted from a higher cost of cropper labor. With more receipts from tobacco and cotton in

1961, the value of the cropper's share was \$98 more than in 1960.

### Large tobacco-cotton farms

Net farm income in 1961 on large tobacco-cotton farms averaged about \$5,270 per farm, or \$550 higher than in 1960. Most of this increase resulted from record high prices received for tobacco. Receipts from tobacco totaled \$425 more per farm than in 1960 despite a reduction of 340 pounds in the quantity sold. As a result of the larger acreage and higher yields in 1961, nearly one and a quarter more bales of cotton were produced per farm than a year earlier. With higher prices of cotton, receipts from cotton lint and seed were \$254 more than in 1960.

Receipts from the livestock enterprise, which is relatively important on these farms, were

Table 3.- Gross farm income, tobacco farms, Coastal Plain, North Carolina, 1960 and 1961

Item	Small tobacco farms		Medium-sized tobacco-cotton farms		Large tobacco-cotton farms	
	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Total cash receipts.....	3,958	4,153	7,396	7,897	12,284	13,077
Tobacco.....	3,525	3,680	6,042	6,307	9,669	10,094
Cotton.....	---	---	460	607	720	974
Other crops.....	211	189	392	431	775	558
Livestock and livestock products.....	207	208	472	427	1,067	1,128
Other, including Government payments.....	15	76	30	125	53	323
Total value of perquisites <sup>2/</sup> .....	706	715	1,102	1,119	1,859	1,878
Change in inventory, crops and livestock.....	8	0	19	-14	105	0
Gross farm income.....	4,672	4,868	8,517	9,002	14,248	14,955

<sup>1/</sup> Preliminary. <sup>2/</sup> The value of home consumption of garden products, crops, livestock, and livestock products produced on these farms plus net rental value of the dwelling. On the tobacco-cotton farms the value of perquisites for sharecroppers is also included.



also up slightly from 1960. Receipts from other crops were lower than in 1960, but the payment received for participation in the Feed Grain Program more than offset this decrease.

Operating expenses were also higher in 1961, chiefly because of

higher labor costs. A reduction in inputs failed to offset higher prices paid. The value of the cropper's share of production (cost of cropper labor) in 1961 was \$181 more than in 1960. Cost of hired labor increased by \$38 because of higher wage rates. There was no increase in hours of labor hired.

Table 4.- Operating expenses, tobacco farms, Coastal Plain, North Carolina, 1960 and 1961

Item	Small tobacco farms		Medium-sized tobacco-cotton farms		Large tobacco-cotton farms	
	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Total cash expenditures.....	1,664	1,649	4,680	4,791	8,586	8,732
Crop expense.....	589	566	1,077	1,047	1,808	1,711
Feed and other livestock expense..	195	198	199	194	380	388
Machinery.....	404	401	1,179	1,186	2,245	2,241
Hired labor.....	268	269	495	523	724	762
Cropper labor.....	---	---	1,259	1,357	2,641	2,822
Farm buildings and fences.....	87	90	249	256	425	435
Miscellaneous.....	121	125	222	228	363	373
Change in inventory, machinery and buildings.....	-2	-15	-56	-59	-92	-94
Perquisites for cropper.....	---	---	402	406	1,036	1,042
Total operating expenses.....	1,662	1,634	5,026	5,138	9,530	9,680

<sup>1/</sup> Preliminary.



Growth Through Agricultural Progress